

STATEMENT OF SENATOR JOHN McCAIN
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COMMERCE, SCIENCE, AND TRANSPORTATION
FULL COMMITTEE HEARING
ON THE YEAR 2000 PROBLEM
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I would like to thank our distinguished group of witnesses for appearing before the Commerce Committee today to discuss the Year 2000 computer problem. This is a subject of great importance, and I appreciate the witnesses taking time from their busy schedules to discuss this issue.

It is clear that without greater urgency and aggressive management on this Year 2000 issue, both federal agencies and private businesses are at risk of being unable to provide services or to perform functions that are critical to their mission, and vital to the American public. This is simply not acceptable.

The scope of the problem is large and complex. The federal government alone has about 8,000 mission-critical systems, and 60,000 secondary systems. The private sector has many times those total number of systems. And what are the possible effects of the year 2000 problem? On a large scale, we are talking about computer systems for air traffic control and telecommunications, and computer chips that control industrial machinery and public transit systems. We are also talking about computer cash registers, individual bank accounts, loans, student records, payroll systems, and many other ramifications that would affect daily life.

The problem is not limited to the U.S. We must also focus on governments and businesses abroad. With a global economy and computer systems around the world talking to each other, a glitch in one system will affect other systems.

A recent Gartner Group study found most countries are far behind the U.S. in dealing with the Year 2000 problem. Eastern Europe, Russia, and mainland China, for example, were rated as only having some knowledge of the problem. Countries in South America had only progressed to the point of beginning to determine what computer systems they need to fix. Compounding this lack of progress is that few countries have participated with the U.S. in international efforts to discuss and plan for Year 2000 compliance. I look forward to hearing the witnesses' suggestions on how to deal with this apparent lack of concern.

Although the U.S. is ahead of much of the world, we are by no means "out of the woods" in dealing with the Year 2000 problem. The Department of Transportation, for example, was one of only five large federal agencies who received the Office of Management and Budget's lowest score on their readiness. The Commerce

Department's score put them in the next lowest category. The Garner Group found that some sectors of the U.S. economy, including the semiconductor industry and the pharmaceutical industry were behind. They also found that small regional and community banks were behind.

I do not want to be an alarmist. That is not my purpose today. Rather, I want to determine where we stand with Year 2000 compliance, and what more needs to be done to ensure that the U.S. economy and world economy have a seamless transition when 2000 arrives. Otherwise, we may pay a great price for not being ready. One economist at a major investment bank sees a 40 percent chance of a sharp downturn in the economy if computer systems malfunction in 2000.

The Year 2000 problem has a firm deadline. There is no room for schedules to slip, or for mistakes to be made. We must do everything that is reasonably possible to ensure that governments and businesses are Year 2000 compliant.

Again, I would like to thank the witnesses for joining us today. I would also like to recognize Senator Bennett at this time. I appreciate his tireless efforts on the Year 2000 issue, and I look forward to working with him in his role as Chairman of the Senate's recently established "Special Committee on the Year 2000 Technology Problem."